Welcome to the June 2017 edition of Your Business - our regular round-up of news, views and advice specifically for growing companies, their owners, directors and shareholders. Get in touch with any of our team members if you have any questions.

Is your IT project delivering value for money?

A recent study that we undertook of major IT projects in the insurance sector revealed that companies were failing to effectively implement IT change management projects, leading to user dissatisfaction, cancelled projects and poor returns on investment.

Everyone that we surveyed experienced significant time and cost overruns in major IT projects at least once in the past three years. Almost a quarter stated that all of their major IT projects overran significantly on timescale and cost during this timeframe. Moreover, over two-thirds of organisations revealed that that they had cancelled at least one major IT project once it had got underway. User satisfaction for those projects that did make it through to conclusion averaged 6 out of 10, according to the study, suggesting that there is considerable scope for improvement.

The results make it clear that IT change management is a risky and costly business. While there are many reasons why IT projects fail, there are a number of steps that can help to identify possible weaknesses and increase the likelihood of success:

1. Always ask the question: What happens if we do nothing? This is a good way of assessing the real value and urgency of a proposed project. It forces the initiator to present their reasoning in a simple, non-technical way that should clearly state the business case and force them to respond to point 2.
2. Determine if the project will add value or mitigate a risk. Any project proposal should be able to state how it is either adding value to the organisation or mitigating a risk, and define how this can be measured. If the rationale is not clear, you should have the confidence to reject the project.
3. Select the right project manager. All projects need managers with the relevant skills and expertise, even if this means appointing an external source.
4. Trust your instincts. Although many organisations try to score different options using a check-list, we see better results when project teams trust their instincts to select a supplier/ solution that is appropriate to their budget and the profile of the organisation.
5. Don't forget the reporting. Agree early on the reporting output that you require from the new system (e.g. pre-defined reports, downloads to Excel, ad hoc queries, feeds to a data warehouse etc).
6. Don't rely solely on suppliers' advice. Suppliers are a useful, free source of information but are not usually experts beyond their specific area of expertise.
7. Who is responsible for data migration? Projects often get into difficulty because of problems with migrating data from legacy systems, so it is important to understand how decisions are made when there are anomalies or missing information.
8. Invest in expert advice at the outset. Independent, expert advice is always valuable and can prevent expensive mistakes later on.
9. Be realistic. Project managers should resist including functionality that is rarely required or software amendments that are hard to deliver.
10. Stick to your principles. If your approach is working, don't deviate from it – even if you are under pressure as timetables slip and costs rise.

We believe that businesses need to look again at how they manage major IT projects. A few relatively straightforward changes could make a significant contribution to improving the chances of a successful project, potentially saving SMEs millions of pounds a year in wasted time and money.

To find out more about how you can improve the effectiveness of your IT change projects, please contact **Ian Singer** on +44 (0)20 7516 2236 or isinger@pkf-littlejohn.com

Navigating Brexit – what should you do now?

The result of the recent General Election has further muddied the waters regarding the UK's departure from the EU, adding additional uncertainty to an already complicated situation.

With a range of potential Brexit scenarios now reportedly being discussed by Downing Street, we encourage you to start your contingency planning now.

Establishing a view on the risks and opportunities that Brexit poses to your organisation is a good way of kick-starting this process.

To assist with this task, we've created a **Brexit planning tool**.

The range of issues that potentially have to be covered by any meaningful plan is extensive. That is why we have assembled a team of experts, both here in the UK and across the EU, who can help you prepare and, if necessary, implement a plan tailored to your unique circumstances.

You should regard any costs incurred now as an insurance premium to safeguard the security of your business. Doing nothing may well cost you more in the long run. Can you afford to run the risk?

To find out more about preparing for Brexit, contact **Rhodri Whitlock** on +44 (0)20 7516 2433 or rwhitlock@pkf-littlejohn.com

Data protection – are you protected?

Both the risks and the likely penalties for suffering a data loss are increasing. The Information Commissioner (ICO) stated recently that organisations need to rethink their approach to data protection and is backing up this warning with decisive action. In total, 36 organisations were collectively fined £2 million in 2016, up from nine fines totalling £668,500 two years earlier. The difficulty for many SMEs is that they typically have limited financial resources and relevant expertise, and their focus is almost certainly on the provision of services. But none of that will count as mitigating factors if you suffer a data breach or use personal information inappropriately.

How are the rules changing?

All personal data held by any organisation for any purpose is governed by the Data Protection Act 1998 (DPA) and the Privacy and Electronic Communications (EC Directive) Regulations 2003 (PECR). However, there is a new EU Directive, the General Data Protection Regulation (GDPR), which is due to come into force on 25 May 2018. The GDPR increases the size of the fines that can be levied in the event of a data breach or non-compliance with the Directive to as much as 4% of the annual worldwide turnover of an organisation or €20 million (whichever is the greater). This is enough to put most SMEs out of business.

What can you do?

There are a number of steps you can take to minimise the risk of your business suffering a data loss or using information inappropriately:

- Security and confidentiality of data must be at the heart of your IT decision-making, not just an afterthought
- Ensure you have explicit consent for storing and using any personal information for the specific process you wish to use it for
- Encrypt confidential data. The ICO has said categorically that it will not accept any excuse for a data breach if the data are not encrypted, regardless of any other measures in place
- Make sure you know what data you're capturing, where it is stored and how it is protected. Take particular care before entering into agreements with third-parties for data storage and processing, such as specialist emailing services or outsourced data centres. Remember that you are responsible for your data at all times, regardless of where it is located or who is processing it
- Ensure you have well-defined policies and procedures that are communicated regularly to all relevant personnel regarding both the security and use of personal information
- Commit to an independent review of your measures and policies on at least an annual basis to identify issues and gaps
- As a general rule, don't do anything with data unless you are certain that it is appropriate and secure to do so.

If you have any concerns about data protection or require advice, please contact **Ian Singer** on +44 (0)20 7516 2236 or isinger@pkf-littlejohn.com.

Changes to the reporting of People with Significant control

The Small Business, Enterprise and Employment Act 2015, which came into effect in April 2016, requires companies to maintain a register of People with Significant Control (PSC Register).

The PSC Register must disclose details of individuals who have significant control over the company, and any relevant legal entities (RLEs).

From 26 June 2017, changes will be made to PSC rules as part of new measures to help prevent money laundering and terrorist financing.

Under the new rules, the annual confirmation statement of PSC information will be replaced. Instead, businesses will need to tell Companies House (using forms PSC01 to PSC09) whenever there is a change to PSC information. The company will have 14 days to update the register and another 14 days to send the information to Companies House.

For more information about the PSC Register, please contact **Tim Herbert** on 44 (0)207 516 2249 or therbert@pkf-littlejohn.com.

We hope you've found this issue useful. If people within your business would like to receive future issues, please send their details to Julia Krol (jkrol@pkf-littlejohn.com).

Our specialist team is here to help. If you would like advice on any of the issues discussed in this newsletter, please contact one of our Growing Business specialists.

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